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IN THE  
**United States Circuit Court of Appeals**  
FOR THE NINTH CIRCUIT.

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COLUMBIA GRAPHOPHONE  
COMPANY,

*Defendant-Appellant,*

*vs.*

SEARCHLIGHT HORN COMPANY,

*Plaintiff-Appellee.*

APPEAL IN EQUITY

No. 2759.

(On Nielsen Horn Patent.)

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**Defendant-Appellant's Petition for Rehearing,  
and Brief in Support Thereof.**

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CHARLES E. TOWNSEND,  
C. A. L. MASSIE,

*Of Counsel for Petitioner.*

Filed

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F. D. Monckton,



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**Defendant-Appellant's Petition for Rehearing,  
and Brief in Support Thereof.**

TO THE HONORABLE THE JUDGES OF THE UNITED  
STATES CIRCUIT COURT OF APPEALS FOR THE  
NINTH CIRCUIT :

And now comes the above-named defendant-appellant, Columbia Graphophone Company, by its counsel, and in view of the enormous sums of money directly involved as well as the grave and wide-spread consequences that will result from the decision of this Court, and on account of the reasons set forth below, respectfully petitions your Honors for a Rehearing of its appeal from the Decree of the lower Court.

Your petitioner shows that the above-named plaintiff-appellee, Searchlight Horn Company, hereinafter

called " plaintiff," asserts that your petitioner has sold over One Million of the " flower horns " complained of as infringements of the Nielsen Patent in suit (which horns were delivered to your petitioner by the American Graphophone Company, a corporation for which your petitioner is Sales Agent) ; that plaintiff is claiming nearly Three Million Dollars as alleged " profits " realized from the sale of said horns ; that plaintiff is likewise claiming Half a Million Dollars as " damages " on account of said sales, and is seeking to have said amount tripled ; that plaintiff has instituted a suit in the District Court of the United States for the District of Connecticut, against said American Graphophone Company, and is there claiming the same enormous amount (nearly Five Million Dollars) as damages and profits by reason of the sales of the same flower horns here complained of ; that plaintiff has instituted two other suits in the United States District Court for the District of New Jersey, against the Victor Talking Machine Company, and against the Thomas A. Edison, Incorporated, respectively, for alleged infringement of the same Nielsen Patent here in suit ; and that plaintiff is claiming, as profits and damages from each of the two last-named concerns, similar enormous amounts, on account of their sales of similar flower horns ; and that on page 137 of plaintiff's main brief in this Court, plaintiff has estimated the number of such flower horns sold by your petitioner as " over a million," while on page 58 of said brief the plaintiff estimates the total of such flower horns sold by the three concerns (Edison, Victor and

Columbia) as “*three* million,” and the “profits” of said “infringements” as FIFTEEN MILLION DOLLARS. For these reasons the decision of this Court upon the validity and infringement of the Nielsen Patent, is of enormous and far-reaching importance; and your petitioner is justified in seeking, and this Court in granting, the rehearing hereby prayed for.

The Transcript of Record in this cause, presented in four volumes, comprises (with exhibits) nearly twelve hundred printed pages. And your petitioner respectfully shows that, doubtless due to the voluminousness of the record, this Court has unwittingly erred in the respects briefly summarized as follows, viz. :

I. In overlooking the fact that the learned District Judge did *not* consciously and directly pass upon the new evidence in this case which shows that the patented Nielsen horn possesses no “utility” (that is no acoustic advantage) over other phonograph horns of the same dimensions, but confined himself to passing upon the so-called “Pittsburg Defense” of prior use, which is not in this case; and in overlooking the simplest and most direct and permanently-available evidence—the best evidence—of that fundamental fact; and, while holding that your petitioner’s contention in that regard “may be *true*,” in abdicating and renouncing this Court’s own appellate jurisdiction to decide that question, by leaving undisturbed the decision of the lower Court on that question—one of the formal assignments of error—on the stated ground that the opinion-testimony of the opposing “experts” is *conflicting*.

II. In overlooking the Gersdorff 1893 patent; in overlooking the fact that the patented Nielsen horn, like the device of the two Gersdorff patents, is composed of two portions, a body-portion and a nozzle, whereof the body-portion only of Nielsen (as of Gersdorff) is constructed of gore-sections united by interlocked flanges, while Nielsen's nozzle-portion is *not* so constructed and *not* so united; and in otherwise overlooking the full disclosures of the two Gersdorff patents in comparison with the full disclosure of the Nielsen Patent.

III. In confining the Court's discussion of Villy, to the question whether plaintiff is estopped to deny the legal effect of the reissue of the Villy patent; and in not determining, as a fundamental fact, that Villy's priority of invention and the reissue of the Villy patent (by plaintiff's predecessor) invalidated the Nielsen patent (regardless of whether plaintiff is "estopped" to deny it).

IV. In overlooking the evidence which establishes the fact that plaintiff and its predecessor in title *were* financially able to bring suit; in overlooking the evidence which establishes the fact that their laches had become notorious in the trade before defendant commenced the acts complained of; and in not holding that plaintiff's years of delay before bringing suit, concurrent with years of continued "infringement" by your petitioner and many others, to the full knowledge of plaintiff, constitutes such LACHES (whether amounting to technical "estoppel" or not) as to bar plaintiff from *any accounting*, even should injunction be awarded.



V. In overlooking the fact that the principle of estoppel in favor of the *public* as against a *patent*, with respect to a judgment *of record* brought about *at the instance of the patentee*, is not governed by the same technical rule that controls matters of private estoppel between individuals with respect to a private transaction between themselves (with respect to which *private* transaction only must a defendant show he has been misled by the actions of the other party).

WHEREFORE your petitioner respectfully prays for a rehearing of this cause; that its accompanying Brief be accepted and filed as part of this Petition; and that this Honorable Court will either reconsider the Opinion rendered herein on Sept. 5, 1916, and reverse the decree of the Court below, or will set a day for further argument, oral or otherwise, if the same be deemed necessary.

And your petitioner will ever pray.

COLUMBIA GRAPHOPHONE COMPANY,

By C. A. L. MASSIE,

Of Counsel.

STATE OF NEW YORK, }  
 County of New York, } ss. :

C. A. L. MASSIE, being duly sworn, deposes and says: I am and have been of counsel for defendant-appellant throughout this litigation, and believe myself familiar with the proceedings herein. I have read the foregoing Petition for Rehearing and know the contents thereof, and I believe the same to be true in point of fact; and have executed the same on behalf of defendant-appellant, by instructions of its management.

Further, I certify that in my judgment said Petition is well-founded in law, and proper to be filed herein, and is not interposed for the sake of delay.

[Signed] C. A. L. MASSIE.

Subscribed and sworn to be- }  
 fore me this 29th day of }  
 September, 1916. }

[Notarial Seal] WILLARD H. HARTING,

Notary Public, No. 55, Bronx County, N. Y.

Certificate filed in New York County No. 305.

## BRIEF IN SUPPORT OF PETITION.

For the convenience of the Court we print, as Appendix A, the Opinion of this Court filed herein September 5, 1916.

We likewise print, as Appendix B, Judge VAN FLEET'S oral Opinion in the *Pacific Phonograph Co.* suit, rendered November 29, 1915. The transcript of said Opinion, as we received it, consists of one continuous paragraph; but, for purposes of distinction, we have taken the liberty of printing the last seven sentences in two separate paragraphs.

The very last paragraph of Judge VAN FLEET'S said Opinion (page XV), constitutes his sole Opinion in this Columbia case, upon which was entered the Decree we seek to reverse.

The very first sentence of Judge VAN FLEET'S oral Opinion (page XI), taken in connection with the remainder of said Opinion, shows that his Honor devoted his consideration exclusively to the so-called "Pittsburg Defense" (of prior use) relied on by the Pacific Phonograph Co., which defense is not in *this* case, and paid no attention to any of the defenses *we* here rely on; and that, as a matter of fact, his Honor had not consciously passed upon the issue we regard as fundamental and vital in *this* case, viz., that the patented Nielson horn presents no acoustical advantages whatever over the well-known ordinary horns of the same dimensions.

Evidence of non-utility was presented for the first time in said Pacific case; but the second paragraph of Judge VAN FLEET'S Opinion in the Pacific Co. case (page

XIV) seems to indicate his intention to leave every defense (except the "Pittsburg Defense") at large for this Court.

The several grounds for rehearing will now be taken up in order.

### I. No "Utility."

A simple test—merely the playing of a graphophone-record upon a machine equipped with a patented *Nielsen* horn, and the playing of the same or a similar record upon the same or a similar machine equipped with any *ordinary* horn of approximately the same dimensions, while listening attentively to each performance—will demonstrate the fundamental and determinative fact that the Nielsen horn possesses *no* acoustical advantage over the other horn.

The only fair way to make these tests is to conceal the horns under comparison—listening from another room or by turning the back to them while being played, the usual way of testing horns—so that the judgment of the listeners cannot be swayed by their knowing beforehand which horn is being played (Rec., pp. 572-3, 707), *e. g.* (p. 475):

"If an individual was allowed to use his eyes and his ears, he would or they would almost invariably see some improvement or perfection in the reproduction from a horn of a type for which they had a liking. Once turn their back to the machine, it was amusing to see the varieties of opinion when the eye did not assist in the decision."

Nielsen has set forth merely an old and well-known manner of constructing an old and well-known article, which produces merely the old and well-known results—absolutely no new results at all.

From what has been stated at the outset of this brief, we submit that his Honor Judge VAN FLEET has not made an actual deliberate adjudication, upon the exhibits and proofs in *this* case, that the Nielsen horn *does* possess the alleged advantages claimed for it; and that the recitals in the decree here appealed from are merely the usual *pro forma* recitals formulated by counsel for a successful plaintiff. Hence, said recitals are not to be considered as actual “findings of fact,” since they have not been deliberately and consciously made by the learned District Judge upon careful consideration of the exhibits and evidence.

Nevertheless, this Court, instead of arriving at its own personal and independent determination upon this vital and fundamental question, first observed (page VII, italics ours) that there is “much *testimony*” to sustain this defense, and “also much *testimony*” to the contrary—and then stated (page VII, italics ours) :

“ it may be *true*, as the appellant contends, that the marked success and general use of the Nielsen horn is owing to its *graceful* shape and *appearance* rather than to any acoustical advantage which it possesses . . . ” ;

and further, after thus noting that *our* contention upon that vital issue may be “ true ”, this Court nevertheless *renounced* its jurisdiction to decide the truth, by declin-

ing to disturb the finding (?) of the Court below merely because there is conflicting testimony of "experts". We submit there has been error in this regard for three reasons, viz :

1. The assertion that the Nielsen horn possesses the alleged advantages, states a *fact* rather than an opinion. It is a continuing and now-existing fact (if it *be* a fact), whose existence or non-existence can best be determined by actual inspection at the present time, viz: a few minutes' inspection and listening by the learned Judges themselves. We say, "It is a continuing and now-existing fact (if it be a fact)", to distinguish from such transient events and circumstances as attend a collision or other accident resulting in a suit for damages, where the supposed "facts" were of evanescent and fleeting nature and have passed into history, and no longer exist except in the memory of the witnesses. In cases of the latter kind, the testimony of *witnesses* is the *only* proof available, and, therefore, the "best evidence". Whereas, concerning the properties of the Nielsen horn, *actual inspection by the Court is the primary evidence*,—the "best" evidence. The testimony of alleged "experts" is mere "opinion evidence"; and it is indeed "secondary evidence", so to speak, and *not* the best evidence. Moreover,—

"The Court is not bound by the opinions of experts in patent cases, and may reject them where they do not seem reasonable."

30 "CYC", p. 935.

Norton vs. Jensen (9th CCA), 49 Fed., 859.

Hanifen vs. Godshalk (3rd CCA), 84 Fed., 649, 653.

We submit, therefore, that upon a fundamental question like this, the Court should itself devote a few minutes of its time to ascertaining the truth, instead of leaving the matter to the conflicting testimony of "experts," or leaving the decision of the lower Court 'undisturbed' because the testimony is not all one way. *See Norton vs Jensen 44 Fed. at p. 864*

2. In an action at law before a jury, the *jury* is the judge of the *facts*; and a *finding of fact* (by the jury) will not be set aside as inconsistent with the weight of the evidence, so long as there is any competent evidence to support it (and regardless of the quality and amount of the evidence to the contrary). Likewise, upon writ of error, a court of review is similarly limited, and can pass only upon the questions of *law*. But that restriction does not apply here, because :

(a) This is an *appeal* from a suit *in equity*, where the trial judge in the first instance, and the *appellate judges* on appeal, are called upon to pass upon the *facts* as well as the law; and

(b) The rule against a court of review, disturbing a finding of fact in the lower court, is based largely upon the circumstance that the trial court (whether jury or judge) had the opportunity to *see and observe the witnesses* while on the stand, and thereby judge of their credibility. In the present case, however, *no* testimony was taken in open court, but all the proofs were by way of *deposition or stipulation*; and

(c) We submit that the District Judge did not in fact and consciously make any finding of fact in that regard.



3. Finally, should this Court deem it necessary to resort to "evidence" other than the actual inherent condition of the Nielsen horn itself ("*res ipsa loquitur*"), there *is* 'evidence that points convincingly' to the non-utility of the Nielsen invention, viz., the significant fact (Rec., p. 145) that, whereas the sectional flower-horn was used to a very great extent so long as it was *visible*, yet when the *concealed-horn* machines or "cabineted-machines"—the Victrolas, Grafonolas, etc.—came into vogue, such sectional flower-horns were altogether *dispensed with*, and the talking-machine business increased at an even greater rate than previously (See Rec., pp. 199, 200, 202-3).

This demonstrates convincingly that (to use the phraseology of this Court on p. VII):

"the marked success and general use of the Nielsen horn *was* owing to its graceful and artistic *appearance*, rather than to any acoustical advantage,"—

otherwise the talking-machine companies would have continued to employ the sectional horn, made up of longitudinal gore-sections united by external stiffening-ribs, in order to avail themselves of its acoustical "advantages," had that construction possessed such advantages.

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Another significant fact in showing that the Nielsen horn lacks any acoustic advantage is that plaintiff, though owning the patent for the Nielsen horns, made only "a few" of them—"more samples than anything



else" (Rec., p. 178, bottom of p. 170), while at the same time plaintiff was making and selling some 40,000 of its *parabolic* "Searchlight" horns (Rec., pp. 170, 171, 187), and regarded them as *superior* to its Nielsen horns (Rec., pp. 185-6); and previously the U. S. Horn Co., while owning the Nielsen patent, had made only 3,000 or 4,000, and could sell only a portion of them in competition with other horns (Rec., p. 178), including the *parabolic* "Searchlight" horns plaintiff was "pushing" (Rec., p. 178) before it acquired the Nielsen patent. Apparently, what "killed" the Nielsen flower horn was the acoustic superiority of plaintiff's own *parabolic* "Searchlight Horn" (as well as the other competing horns).

In 1905, Senne who had put out about two thousand metal flower-horns in competition with Nielsen and about 15,000 or 16,000 *paper* horns, submitted to a default decree; and when the patent-owners offered him a license at three cents a horn, he did not think it worth while to pay even that small amount and declined the license (Rec., pp. 470, 467, 469, 476-7).

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To rehearse: a vital issue—viz., whether or not the Nielsen horn has new acoustical properties, was at bar; there was much testimony upon each side of that issue (this Court observing that *our* contention on that issue "may be true"); the Decree of the Court below had decided that issue against us; and its decision on that issue forms one

of the basic errors assigned on our appeal (*e. g.*, assignments 6 and 20,—Rec., pp. 928-9, 931). But the Opinion of this Court now holds that, because there is 'conflicting testimony' upon that issue (concerning which your Honors have said that *our* contention "may be true"), therefore this Court should abdicate and renounce its own jurisdiction by leaving the decision [formal decree] of the lower Court undisturbed.

Manifestly this is error, as it deprives us of our inalienable right to a decision *by the Appellate Judges*,—a decision upon a question of fact directly brought up by our assignments of error,—and a fundamental fact, the truth or falsity of which can be determined as readily by the Judges of *this* Court as the Court below,—and the truth or falsity of which should be determined by the *best* evidence available, viz.: actual inspection and observation of the playing-qualities of the Nielsen horn in comparison with other horns of similar dimensions.

## II. Gersdorff.

In disposing of Gersdorff, this Court overlooked four material facts :

1. We rely on *two* Gersdorff patents ; but the Court considered only the 1891 patent (No. 453,978), and overlooked No. 491,421, which was applied for over two years earlier (Rec., pp. 998-9).

2. Consequently, the Court overlooked Gersdorff's "purpose", set forth in his earlier specification, viz., to *stiffen and strengthen* his device, just what Nielsen

afterwards sought, and by the same means Nielsen used,—Gersdorff saying his device is

“strengthened by its curved form and by said [longitudinal] seam” (Gersdorff 1893 pat., lines 30-35, 46-8,—Rec., p. 999).

‘Ease of cleaning’, which this Court assumed as Gersdorff’s “purpose” is merely an incidental *result* of the structure itself.

3. This Court differentiated Nielson from Gersdorff, on the ground that Gersdorff’s nozzle is not “ribbed”. *Neither is Nielsen’s nozzle “ribbed”* (or even sectional),—it being shown as an ordinary tapered nozzle, and described as “constructed in *any* desired manner” (Nielsen pat., lines 33, 35, 38-40,—Rec., p. 1098).

4. The two structures being the same, it is immaterial that Gersdorff does not in so many words point out any “acoustical advantage” due to his curved and sectional and ribbed structure,—what this Court terms the “central thought of Nielsen.” If the acoustical advantage be present in Nielsen, it *must* have been present in the identical Gersdorff structure; if *not* present in Gersdorff, it is *not present in Nielsen*. The two devices are the same. And Nielsen cannot obtain a valid patent on an old structure by merely pointing out a previously-undisclosed property inherent in that old structure.

Stow vs. Chicago, 20 Law. Ed., 816, 817;  
104 U. S., 547, 550.

Miller vs. Eagle, 38 Law. Ed., 121; 151  
U. S., 186.

And other citations on page 94 of our main  
brief.

### III. Villy.

We rely on Villy's prior invention as well as the mere Villy Reissue and the circumstances attending the reissuing of the Villy Patent, as invalidating the Nielsen Patent. And, as a *corollary*, we add that plaintiff was in privity with the United States Horn Co. (which procured the Reissue), and is the successor in title to said United States Horn Co., and therefore plaintiff is *estopped* to deny our proposition. The Opinion of this Court considers and overrules our subordinate contention as to *estoppel*,—but does not treat our main proposition. We shall attempt to show later that this Court overlooked certain material distinctions in regard to this “*estoppel*,” and has therefore erred in its conclusions. But passing that by for the moment, we here repeat our main contention in three propositions, viz. :

1. The subject-matter defined by Nielsen's Claims does not differ patentably from Villy's invention.
2. Villy's invention antedates the Nielsen patent.
3. Therefore Nielsen's Claims are invalid.

#### 1. What is the Villy Invention ?

(a) The *contrast* between two Claims (or groups of Claims) in the same patent, must be given significance. Therefore, inasmuch as every Claim of Villy's original patent (Rec., p. 1030) was limited to a *foldable* or “*collapsible*” horn, while said limitation is omitted from new Claim 8 (and other new Claims), therefore

said Claim 8 covers (*prima facie*, at least) *rigid* or **non-collapsible** horns as well as collapsible horns, provided the horns embody the explicit recitals of the Claim.

(b) Villy's specification names, as the material, "paper, wood, linen, or *other* preferably flexible material"; and we contend that, inasmuch as sheet-metal had long been the *usual* material for phonograph-horns, and is a *flexible* material, therefore "sheet-metal" is not to be *excluded* from the class "other preferably flexible material." But, be that as it may, the Reissue Claim 8 does not specify the particular kind of material; therefore *prima facie* it covers a horn composed of *any* material so long as said horn satisfies the explicit recitals of the Claim.

(c) In lines 64-67 of the second column of the first page of Villy's original specification, Villy said (emphasis and parentheses ours; Rec., p. 1029):

"The *angles* formed by the meeting of the hinged segments when extended form (as it were) **ribs** giving *rigidity* to the trumpet form."

This same statement is repeated in the Reissue Patent (Rec., p. 1038, in lines 64-67). Therefore, in considering Villy's Reissue Claim 8, where it uses the word "angles", it is altogether proper to substitute the word "ribs"; and to apply the Claim as covering a *rigid* horn of *metal*. To hold otherwise would deny any effect to the fact of reissue.

To show the correspondence between the subject-matter of Villy's Reissue Claim 8 and that of the Nielsen Claims in suit, we shall now set forth the Villy

Claim 8, numbering and paragraphing the several recitals thereof; and we shall then rearrange said recitals and place them in parallel relation with the corresponding recitals of Nielsen's Claims 3 and 2 respectively, retaining the same ordinals, so that the Court can see that we have merely changed the sequence of Villy's recitals without changing the meaning of the Villy Claim.

VILLY'S REISSUE CLAIM 8,  
ARRANGED NORMALLY.

1. A phonograph-horn or the like—
2. comprising a number of flexed strips having curved meeting edges—
3. and means joining said edges—
4. said strips being so flexed and said edges so curved and joined that
5. the horn is given a trumpet-like or bell-like form—
6. the strips forming " ribs " [angles] where said edges meet.

## VILLY'S REISSUE CLAIM 8.

1. A phonograph - horn or the like—

5. the horn is given a trumpet-like or bell-like form—

[i. e., larger at one end than at the other and tapered in the usual manner]

2. [said horn] comprising a number of flexed strips having curved meeting edges—

[said strips being shown and described as extending longitudinally]

3. and means joining said edges—

6. the strips forming "ribs" where said edges meet [thus "giving rigidity to the trumpet-form"]—

4. said strips being so flexed and said edges so curved and joined that [see No. 5].

## NIELSEN'S CLAIM 3.

A horn for phonographs and similar instruments—

said horn being larger at one end than at the other and tapered in the usual manner—

said horn being composed of longitudinally-arranged strips—

[said strips being] secured together at their edges—

and the outer side thereof at the points where said strips are secured together being provided with longitudinal ribs.



## VILLY'S REISSUE CLAIM 8.

1. A phonograph-horn or the like—

2. comprising a number of flexed strips [of *any* suitable material, thus including sheet-metal] having curved meeting edges—

3. and means joining said edges,

6. the strips forming "ribs" where said edges meet—

4. said strips being so flexed and said edges so curved and joined that

5. the horn is given a trumpet-like or bell-like form.

## NIELSEN'S CLAIM 2.

A horn for phonographs and similar machines—

the body portion of which is composed of longitudinally arranged strips of metal—

[said strips being] provided at their edges with longitudinal outwardly-directed flanges whereby said strips are connected and whereby the body-portion of the horn is provided on the outside thereof with longitudinally-arranged ribs—

said strips being tapered from one end of said horn to the other.

Referring to the foregoing comparative analysis of the Claims, it will be observed that all three Claims define (a) the *shape* of the horn,—trumpet-like or bell-like, or tapering in the usual manner; (b) the *structure* thereof,—made of "strips," shown as longitudinally-arranged gore-sections; and (c) the manner said strips are *secured together*, viz.: by "means" so arranged as to produce "**ribs**" where the sections meet.

It will thus be seen that the Claims *coincide*. In *subject-matter* Nielsen's two Claims are identical with Villy's Reissue Claim 8; even in *phraseology* Niel-



sen's Claim 3 is practically identical with the Villy Claim (Nielsen's Claim 3 specifying neither that "metal" is the material used, nor that the "ribs" are formed of "flanges"); and Nielsen's Claim 2 is substantially identical in phraseology with the Villy Claim, differing therefrom solely in the two unpatentable respects, viz.: that Claim 2 specifies in so many words the usual phonograph-horn material ("metal"), while Villy's Claim is satisfied by *any* material; and that Claim 2 mentions the "flanges" as being the specific devices for constituting the "ribs" and uniting the sections, while Villy calls broadly for the stiffening "ribs" ["angles"] as part of his joining-means.

It is clear, that *if* Villy's invention of the subject-matter of his Reissue Claim 8 antedates Nielsen's invention of the subject-matter of his two Claims, then certainly Nielsen's Claims are not patentable; because it is unthinkable that each man could be the *prior* inventor of the common subject-matter. If Villy be the prior inventor, then Nielsen's Claims are invalid; and if Nielsen be the prior inventor, then Villy's Reissue Claim is invalid. But that controversy is no longer open; the owner of both patents (the Villy original and the Nielsen) procured from the Patent Office a formal judgment that *Villy* is the first and original and sole inventor of the subject-matter of his Reissue Claim 8. Said judgment, rendered upon the deliberate and formal application of the owner of both patents, is tantamount to an *inter partes* judgment entered upon a formal "interference" between the two rival inventors; and the owner of both, who procured the rendition of

said judgment, and thereby received and retained the benefit of the broadened Villy Reissue, is absolutely estopped from escaping the legal consequences of said judgment.

## 2. The Date of Villy's Invention.

Section 4916 of the Revised Statutes says :

" \* \* \* Every patent so reissued, together with the corrected specifications, shall have the same effect and operation in law, on the trial of *all* actions for causes thereafter arising, as if the same had been originally filed in such corrected form ; but no new matter shall be introduced into the specification, \* \* \*."

Further it is the legal presumption that every patent is *prima facie* valid ; and, in case of a reissue, that all the requirements of the reissue statute have been fully and correctly complied with. And the lawfulness of the Villy Reissue is not here in issue, and cannot be challenged on this appeal. Therefore we have the following legal presumptions :

(a) That Villy's invention was not adequately described by the Claims of his "original patent" of 1903 ;

(b) That his Reissue patent was lawfully reissued, and its Claims *do* correctly define Villy's "real invention" ;

(c) That no new matter has been introduced into the Reissue ; and

(d) That the invention defined by the *Reissue* Claims—Claim 8, for instance—is *fully disclosed in and by his original patent of 1903*.

In short, it is the legal presumption that Villy's Reissue Claim 8 correctly defines the Villy invention disclosed in and by the Villy *original* patent No. 739,954, granted Sept. 29, 1903—and therefore *antedating* Nielsen's invention.

Had the Villy Reissue been granted without the knowledge of the owner of the Nielsen Patent, it might well be contended that such *ex-parte* action could not militate against Nielsen's claim of priority. But the fact that the owner of the two patents (the Villy original and the Nielsen), having *both* patents in his hands, deliberately elected to procure a Patent Office *judgment* declaring Villy the original and true inventor of the subject-matter of Villy's Reissue Claim 8, is tantamount to a formal "interference" resulting in a formal award of priority to Villy over Nielsen.

In other words, at the instigation of the plaintiff's predecessor, who at the same time was the owner of the Nielsen Patent, the Patent Office entered a judgment of record that the Villy Reissue Patent with its Claim 8 is to be regarded as though issued **Sept. 29, 1903**,—thus antedating Nielsen.

The U. S. Horn Co. could not accept and retain all the *benefits* of that judgment, procured at its own instance, and yet escape the *legal effect* said judgment has produced upon its Nielsen patent. The U. S. Horn Co. could not at the same time both accept the good and reject the bad results of the judgment it procured in favor of Villy. And that judgment is not merely an *ex-parte* matter for the benefit of the U. S. Horn Co. alone,—and not merely a private judgment as between

Villy's and Nielsen's priority ; but the *public* was concerned and interested. The Patent Office, in acting upon every application for a patent, and in allowing a patent (which is a matter of *public record*), is acting as the *representative* of the public and in behalf of the public. The U. S. Horn Co. is forever estopped, as against any and every member of the public, from denying or disturbing the legal effect of that judgment. See 16 "CYC," 679, 784-5.

And that same estoppel *by matter of record* applies against the plaintiff herein, because *in privity* with the U. S. Horn Co. as well as its *successor in title*. Krabbe owned the Nielsen patent in its entirety ; in February, 1905, he sold a half-interest to Locke, and the two assigned it to the U. S. Horn Co., which they had formed, and of which Locke became and still remains Treasurer, while Krabbe retained a half-interest ; then, early in 1906, Locke formed the Searchlight Co., and in January, 1907, Krabbe and Locke had the patent assigned to that concern ; and Krabbe did not sell out to Locke until after the Searchlight Co. had been formed. Meanwhile "the ownership in the two companies was practically the same," and "the same ownership controlled both companies" ; and in November, 1906, *before* the Searchlight Co. had acquired the Villy and Nielsen patents, we find *it* (rather than the U. S. Horn Co.) sending forth the notice (Rec., p. 49) regarding said Villy Reissue and the Nielsen patent, thus avowing its privity with the then owner of those patents (Rec., pp. 49, 98, 99, 138-9, 142-3, 169-70, 187).

Consequently, when the Searchlight Co. took title

to those two patents in January, 1907, it took them subject to the legal status already effectuated in favor of the public, as between those two patents, by the formal Patent Office judgment of record. [That the case relied on by plaintiff-appellee, *Dodge v. Freedman's Bank*, 93 U. S., 379, does not apply,—see pages 8–9 of our brief of Aug. 22, 1916, Appellant's "Comments" on Appellee's Answer to Reply Brief.]

#### IV. Laches ; V. Estoppel.

Regarding Laches, this Court undertakes (p. IX) to summarize our contention as being :

"whether the delay in bringing the suit amounts to laches which should bar the appellee" ;

and concludes by holding (p. X) :

"The bare fact that the appellant, and others, with full knowledge of the appellee's claim, trespassed with impunity on the rights of the appellee for years, is no defense to a suit for an injunction and an accounting for the trespasses."

In so holding, this Court overlooked the pertinent testimony we set forth below, and has therefore reached an erroneous conclusion. At this point we are considering especially the *accounting*. We contend that, even should the patent be held valid and infringed, and an injunction awarded, nevertheless plaintiff's laches certainly bars an *accounting*.

The material facts, under four headings, are as follows :

## A.

It is stipulated (Rec., p. 75) that defendant within the six years before suit was filed—viz., after July 24, **1907**—was selling the horns complained of; but plaintiff's witness Locke says defendant commenced "in **1906**" (p. 171). There being no other proof as to the date, we accept 1906-7 as the correct date.

## B.

What was the situation when this defendant commenced to handle the infringing horns in 1906-7?

Plaintiff's witness Merritt says that he saw Nielsen's "flower horns" as early as November, **1903** (Rec., bottom p. 112); that he and his employer Bettini were handling Nielsen's product by March, **1904** (Rec., pp. 115, 121, 127); that "*almost immediately* various horn-manufacturers" commenced to infringe and "by the latter part of 1904 or early part of **1905** practically *every horn manufacturer*, in the East at any rate, was making this type of horn",—naming Hawthorne & Sheble, The Tea Tray Co. and The Standard Metal Mfg. Co. (Rec., pp. 121, 122, 123).

Plaintiff's witness Petit says that "some time in **1904** the Nielsen horn appeared on the market in considerable quantities", and towards the end of that year or early in **1905** "practically everybody" was infringing (Rec., p. 159); that shortly after the Nielsen horn went



on the market, said Hawthorne & Sheble, Tea Tray Co., and Standard Metal Mfg. Co., and a *number* of other concerns, commenced to manufacture the infringing horns (Rec., p. 160); and that towards the end of **1904** or early in **1905** said Hawthorne & Sheble were making them in *large* quantities, and "thereafter" made the same their *regular product*, and still "later" made them for the Columbia Co. (Rec., p. 164).

Plaintiff's President Locke says that a few months after Nielsen put his horn on the market, and by the Summer of **1904**, the horn-manufacturers had commenced their infringement (Rec., pp. 144, 145, 188); and that after the U. S. Horn Co. acquired the Nielsen Patent [Feb., **1905**], they marked their horn with the proper patent-notice, and sent notification to the various horn-manufacturers; and that "*early* in 1906" he personally called upon the various horn-manufacturers and the various talking-machine companies (Rec., pp. 147, 148); but that (*italics ours*) :

"Each one stated that *too many concerns* were making these flower horns to warrant it being the first to acknowledge the patent and cease infringement. The *invariable* response was that if we would stop the infringement by the other, the particular one I was talking to would stop. In effect they declined to pay any attention to us until we had fought the case out in the courts" (Rec., p. 149).

Plaintiff's witness Krabbe says that when he purchased the Nielsen patent and assigned it to the U. S. Horn Co., which was in February, **1905** (Rec., pp. 669,

972, 974), various horn-manufacturers were even then infringing; and that he and the Horn Co. thereupon notified said manufacturers; but, says Krabbe (Rec., top of p. 104, pp. 103-4, emphasis and interpolation ours):

“*So many* concerns were making the infringing horns that they *all* said [to Krabbe in 1905, as they subsequently said to Locke “early in 1906 ”] we would have to go to the Courts before any particular one would stop making the horn.”

### C.

All the foregoing had occurred *before* the defendant Columbia Co. commenced, in 1906-7, to handle the flower horns, at which period the American Graphophone Co. began to buy them for it, from the same Hawthorne & Sheble Co. and Tea Tray Co. already mentioned.

The patent-owners had known for years that practically every horn-manufacturer was “infringing”; and each horn-manufacturer *knew* all the time that they were all “infringing,” and that the patent-owners were *fully aware* of that fact; and the “invariable response” of each was that if the patent-owners would stop the *other* “infringers” *he* would stop,—that he could not be the first to acknowledge the patent while others were *permitted to ignore it*. In short, there had been and continued to be *innumerable* “infringers,” each was relying on the continuing *inaction* of the patent-owners, and was admittedly *encouraged* to continue his “infringement” because the patent-owners took no steps against any of



them. The patent-owners were *invited* to bring a test suit, but failed to follow up their threats with any action whatever. Such continuing and notorious inactivity—*quiescence*—amounted to ACQUIESCENCE.

*After* said wide-spread and notorious “infringements” had continued during most of the year 1904, and during all of the year 1905, and into the year 1906, and possibly through 1906 and into the year 1907, the Columbia Company would certainly be justified in beginning (through the American Co.) to receive from Hawthorne & Sheble and the Tea Tray Co. aforesaid, the product those concerns had already been so long putting out with impunity.

Plaintiff’s own witnesses have thus afforded, by uncontradicted testimony, the proof which this Court has said was *lacking*, viz. : proof that the Columbia Company, the defendant herein, *had* every reason to rely upon plaintiff’s inactivity, and *was* misled thereby, and *was* encouraged in the belief that “the patent was invalid or was one which the plaintiff did not intend to enforce” (the language of Judge COXE, in *Westinghouse vs. New York*, 111 Fed., 741),—or that “the alleged rights were worthless or had been abandoned” (the language of the Court of Appeals for the Second Circuit, in *Richmond vs. Osborn*, 93 Fed., 828). And it was only at that comparatively-late period—“in 1906,” according to Locke, *after July, 1907*, according to the Stipulation—that this defendant first began to handle the flower horns then being put out by Hawthorne & Sheble and the Tea Tray Co. aforesaid, and being freely dealt in by all the trade.

The defendant, having commenced its "infringement" in 1906 or 1907, under the justifiable circumstances set forth, continued the same *without any interference or protest for a period of six or seven years*,—until this suit was brought on July 24, 1913. Even to this day plaintiff does not appear ever to have brought suit against the *manufacturers* of the defendant's horns.

The universally recognized and admitted state of affairs existing in 1906-7 (when defendant entered the flower-horn business),—a state of affairs brought about by the long-continued inactivity of the patent owners,—is what "misled" defendant and all subsequent "infringers" and induced them to begin their "infringement"; and is the "estoppel" we rely on. And that, and plaintiff's long delay since 1906-7, constitutes the "laches" we rely on.

## D.

Messrs. Locke and Krabbe attempt to excuse plaintiff's inactivity during all those years, by *saying* that plaintiff was financially unable to bring suit during that period. That statement, however, is more or less of an opinion or *conclusion* of the witnesses<sup>ⓧ</sup>; and there are very significant *facts* which controvert its truth, viz.:

(a) The U. S. Horn Co. and the Searchlight Co. *being owned and controlled by the same interests*, and the patent having been soon assigned to the latter, the two companies together received large returns from their large quantity of horns of *various* types, besides the

ⓧ See:

*Hayward vs Eliot Wall Bank* 46 U.S. 611 at 618  
*Leavitt vs Stand. Oil Co* 144 U.S. 287 at 294

"considerable sum" put into the business by Locke (Rec., p. 104). The U. S. Horn Co. put out "several thousand"—"some 3,000 or 4,000"—*flower-horns*; the Searchlight Co. put out 30,000 or 40,000 "Searchlight Horns" (*rigid* "parabolic" structures having their sections *soldered* together, without any ribs), besides "Knock-down" parabolic horns (having their sections united by *screws*), and also *folding* horns,—all in addition to whatever "flower-horns" (if any) the Searchlight Co. may have put out. Certainly a total of 40,000 to 50,000 horns (Rec., pp. 146, 149, 170, 171, 178, 187, 188, 189).

If plaintiff's average profits per horn, on those thousands of horns, amounted to anything like the profits per horn they now claim against the "infringers," there were *ample* funds to bring a test suit during that early period,—to say nothing of the "considerable sum" put in by Locke. Krabbe says his U. S. Horn Co. sold the flower-horns at about the same price as its competitors (Rec., p. 196); Senne says he sold his competing flower-horns at \$2.00 *wholesale* (Rec. pp. 476-7), which would represent at least \$3.00 or \$4.00 at retail; and Krabbe says Nielsen had been selling his flower-horns at "\$2.50 or \$3.50" (Rec., p. 86). Calling it \$2.00, then the 40,000 or 50,000 horns would bring in \$80,000 to \$100,000.

(b) And early in that same period, the U. S. Horn Co. *was* able to bring a suit against one Senne, and in 1905 obtained a default decree awarding injunction (Rec., pp. 466-7),—being thus put in good position to proceed against other "infringers." Yet, strange to

say, that decree was not brought to the attention of the present defendant or the other "infringers." Was it in order not to frighten them off from accumulating "profits" for subsequent acquisition by plaintiff? Senne says in 1905 Krabbe showed him a large quantity of Krabbe's horns which were rusting to pieces, and told Senne he was not going to put them on the market and was not in business to make horns, but to get royalty from the people who were making horns (Rec., pp. 479-80).

We submit that the *proved facts* contradict plaintiff's asserted conclusion, and show that plaintiff *was* not only able to bring suit (because the *Senne* suit was brought), but that plaintiff was amply able to bring and *maintain* a second suit. Only one real test suit would have been necessary at that period; if successful, the other "infringers" would not at that period have incurred such extensive liability as to be forced to fight,—and the Columbia Co. had not even commenced to "infringe." Certainly plaintiff's conduct, whether regarded as constituting "technical estoppel" or as amounting merely to "laches," bars plaintiff from an *accounting* for the profits earned by defendant during the years of plaintiff's acquiescence or for the alleged "damages" incurred by plaintiff during that period.

The controlling authorities are:

McLean vs. Fleming, 96 U. S., 245, 257;  
24 Law Ed., 828, 833.

Menendez vs. Holt, 128 U. S., 514, 525;  
32 Law Ed., 526, 529.

In the McLean-Fleming Case (96 U. S.), the Supreme Court held (*italics ours*) :

“ Cases frequently arise where a court of equity will refuse the prayer of the complainant for an *account* of gains and profits, on the ground of delay in asserting his rights, even when the facts proved render it proper to grant an injunction to prevent future infringement.

“ Relief of the kind [*i. e.*, an accounting] is constantly refused, even where the right of the party to an injunction is acknowledged because of an infringement, as in case of acquiescence or want of fraudulent intent.

“ Acquiescence of long standing is proved in this case, and inexcusable laches in seeking redress \* \* \* ” [Nothing being said about “ estoppel ”].

In that case the plaintiff sued defendant for trade-mark infringement, praying injunction and an accounting; and the lower Court granted *both*, and affirmed the Master’s report awarding a substantial sum. On appeal, the Supreme Court held that plaintiff’s marks were valid trade-marks, that defendant had infringed, and that the *injunction* was properly granted; yet, because defendant had been using the infringing marks for many years, to the knowledge of plaintiff, it was also held that it would be unjust to exact an *accounting*; and, in that respect the decree of the lower Court was *reversed*.

McLean vs. Fleming, 96 U. S., 245, 257;  
24 Law. Ed., 828, 833.

The Menendez-Holt Case (128 U. S., *supra*), originated before Judge COXE in *Holt vs. Menendez*, 23 Fed.,

869. Defendant's vendor, one Ryder, had commenced the infringement of plaintiffs' trade-mark in 1869; and plaintiffs knew of this by 1871, but did not bring suit until about 1882,—some eleven years delay. Judge COXE, on p. 871, said (emphasis ours):

“That they [the plaintiffs] did not consent is true, but it is equally true that, for men who believed their rights invaded, their course was inconsistent and misleading. Ryder might well have imagined that they did not intend to call him to an account. The circumstances were such as to justify the belief on his part that he was licensed by silence to use the trade-mark. It would be *INEQUITABLE* to compel him to pay for this use during the long years that the complainants *slept upon their rights*.

“In endeavoring to reach a just result the court should not overlook the fact that the delay in commencing the suit was unreasonable, and that some of the evils of which the complainants complain are attributable to their own laches in this regard. The facts seem to bring the case within the doctrine of *McLean v. Fleming*, 96 U. S., 245.

“There should be a decree in favor of the complainants for an injunction [only], with costs” (23 Fed., 869).

The Supreme Court, in *Menendez vs. Holt* (128 U. S.), affirmed Judge COXE in refusing the accounting, saying among other things:

“ . . . as it is in the exercise of discretionary jurisdiction that the doctrine of reasonable dili-



gence is applied, and those who seek equity must do it, a court might hesitate as to the measure of relief, where the use, by others, for a long period, under assumed permission of the owner, had largely enhanced the reputation of a particular brand. . . . [Then, after affirming Judge COXE in granting *injunction*, to prevent further infringement] "Delay in bringing suit there was, and such delay as to preclude recovery of damages for prior infringement . . . ."

Menendez vs. Holt, 128 U. S., 514 ; 32 Law. Ed., 526.

Regarding McLean vs. Fleming, and Menendez vs. Holt, *supra*, Judge COXE says :

"Although both these cases relate to trademarks, no reason is perceived why the principle there enunciated should not be applicable to patent causes".

Edison El. L. Co. vs. Equitable, 55 Fed., 478, 480.

In *A. R. Mosler vs. Lurie*, the District Court (200 Fed., 433) had held the patent not infringed (p. 437) ; also that extensive use by defendant and others, during a number of years, without protest from the successive owners of the patent, constituted such laches as to bar all relief (p. 438-9). The Court of Appeals for the Second Circuit, in 209 Fed., 364, held the patent valid and infringed (p. 369) ; yet because of the lack of knowledge, by the successive owners of the patent, of the widespread infringements, the Court of Appeals

held that the suit itself was not barred as to *injunction*; nevertheless, they also held that the *defendant's* equity required that there should be no accounting (pp. 370-1).

A. R. Mosler vs. Lurie (Second C. C. A.),  
209 Fed., 364, 370, 371.

Judge COXE, in sustaining a plea of laches in a patent suit, said :

“ Can a patentee maintain an equity action of infringement against a mere user who has used the patented structure openly for a period of 11 years with the full knowledge of the patentee and without objection from him? It is thought that this question must be answered in the negative,” citing numerous Supreme Court decisions; and “ it is affirmatively established \* \* \* that the patents were plundered openly and continuously by the public without complaint by the owners of the patent, and that the defendant's alleged infringement was well known to them during 11 years and was acquiesced in without even a notice to desist \* \* \* [Therefore] within all the authorities \* \* \* an accounting and a preliminary injunction are out of the question \* \* \* .”

Edison vs. Equitable, 55 Fed., 478, 480.

In *Imperial Chemical Co. vs. Stein*, the lower Court (69 Fed., 616) granted injunction against further infringement of a patent, but refused accounting on the ground of laches. The Court of Appeals for the Second Circuit recognized the rule, but found *no proof that plaintiff had been aware of defendant's long continued infringement*, and upon that ground reversed the Court



below and directed a decree for accounting as well as injunction (77 Fed., 612).

In the following patent-cases, accountings were refused on account of the delay of the several plaintiffs, the Courts holding it would be unjust to require defendants to account for the infringements committed during the period that the plaintiffs were sleeping on their rights,—although in several of these cases injunctions were granted, viz. :

N. Y. Grape Sugar vs. Buffalo, 24 Fed., 604.

Keller vs. Stolzenbach, 28 Fed., 81.

Price vs. Joliet, 46 Fed., 107.

Woodmanse & Hewitt vs. Williams (Sixth C. C. A.), 68 Fed., 489, affirming Court below.

Owens vs. Ladd, 76 Fed., 992.

Richardson vs. Osborne (Second C. C. A.), 93 Fed., 828, affirming Richardson vs. Osborne, 82 Fed., 95.

Starrett vs. Stevens, 96 Fed., 244, 246, affirmed (First C. C. A.), 100 Fed., 93.

Covert vs. Travers, 96 Fed., 568.

Meyrowitz vs. Eccleston, 98 Fed., 437, 440.

Westinghouse vs. New York, 111 Fed., 741.

Wilcox & White vs. Farrand, 139 Fed., 46, 48.

Nat'l Cash Reg. vs. Union, 143 Fed., 342, 346-8.

Safety vs. Consolidated (Second C. C. A.), 174 Fed., 658, 662, affirming Safety vs. Consolidated, 160 Fed., 476, 493.

Hall vs. Frank, 195 Fed., 946, 952, affirmed in Hall vs. Frank (Second C. C. A.), 202 Fed., 213, 215.

Gen'l Elec. vs. Yost, 208 Fed., 719, 721-724, and cases there cited.

Marconi vs. Nat'l, 213 Fed., 815, 863.

Since the rule as to laches in trade-mark cases applies also to laches in patent-cases (Edison v. Equitable, 55 Fed., 478, 480), we would cite a few trade-mark cases :

In the "Gold-Dust" trade-mark case in this Circuit, the trial Court in Oregon had held there was no infringement, and had therefore dismissed the bill (88 Fed., 694) ; but this Court (Judges GILBERT, ROSS and HAWLEY) had reversed that holding, and directed a decree in favor of plaintiff (102 Fed., 327, 334). When the case was remanded to the lower Court, his Honor Judge GILBERT, then sitting at circuit, refused *accounting*, because of plaintiff's knowledge of defendant's infringement for three years before bringing suit (106 Fed., 498)—although the *injunction* had been directed by the Court of Appeals. And Judge GILBERT'S *refusal* of accounting was affirmed by *this* Court (116 Fed., 332).

N. K. Fairbank vs. Luckel, 106 Fed., 498.

Same vs. Same (Ninth C.C.A.), 116 Fed., 332.

In the following trade-mark cases, although injunction was granted, yet *accounting was denied* because of plaintiff's delay in bringing suit, viz. :

N. K. Fairbank vs. Luckel, *supra*,—delay of three years.

Price vs. Joliet, 46 Fed., 107,—delay of seven and one-half years.

Low vs. Fels, 35 Fed., 361,—delay of less than four years.

Cohn vs. Gottschalk, 2 N. Y. Supp., 13,—delay of five years.

Worcester Brewing Co. vs. Reuter (First C. C. A.), 157 Fed., 217,—delay of only fifteen *months*.

Harrison vs. Taylor, 11 Jur. (N. S.), 408,—delay of less than one year.

The foregoing and many other decisions establish the rule that where a patentee has long “slept on his rights,” he is not entitled to an *accounting* covering the period of his inactivity, even though his laches does not disentitle him to an *injunction*. Of course the seven decisions cited at the close of this Court’s opinion (p. IX), all by Courts of Appeal or lower Courts, do not overrule the rule laid down by the Supreme Court. Indeed, some of those very decisions *recognize* that rule, but find the particular facts there set forth do not come within that rule. We will now review those seven decisions briefly.

1. The facts in *Taylor vs. Sawyer Spindle Co.* (Third C. C. A.), 75 Fed., 301, were radically different from those in the case at bar. To understand the situation, we refer the Court to the various reported decisions concerning that litigation, viz: *Sawyer vs. Morrison*, 52 Fed., 590; *Same vs. Same*, 54 Fed., 693; and *Same vs. Turner*, 55 Fed., 979; also *Sawyer vs. Taylor* (on motion for injunction), 56 Fed., 110; *Same vs. Same* (on final hearing), 69 Fed., 837; and *Taylor vs. Sawyer* (on Taylor’s appeal), 75 Fed., 301. From

those reports, and particularly the one cited by this Court (75 Fed., 301), it appears that in 1889 the plaintiffs had commenced suit against one Morrison, and subsequently another suit against that same Morrison, which litigation lasted several years,—besides a third suit against another infringer named Turner; and that the Taylor concern was not incorporated until 1891, and “commenced its infringement during the pendency of the Morrison litigation”; that plaintiffs had thereupon proceeded against the Taylor concern, under the same patent, with what Judge DALLAS found to be “due diligence” sufficient to entitle them to a preliminary injunction (56 Fed., 110, 111); and that, when the case came on for final hearing, Judge DALLAS in granting the interlocutory decree with injunction, ordered the accounting “only from the date of defendant’s incorporation, from and after which time there were no laches, as complainants had already begun their suit against the Morrison Co.” Upon *that* ground the Court of Appeals affirmed said decree in the case cited by this Court, viz., Taylor vs. Sawyer, 75 Fed., 301, on page 304.

2. The facts in *Ide vs. Trorlicht &c. Carpet Co.* (Eighth C. C. A.), 115 Fed., 137, also are quite different from those in our case. From statements near the bottom of page 147 (and on page 138), it appears that prior to May, 1894, the patentee, Ide, had knowledge of the infringement and notified those defendants; and thereafter conducted “a spirited litigation” against them, “under *other* patents.” From page 138 it appears that the patentee had previously sued another infringer, named Chuse; but that the Court of Appeals for the

Eighth Circuit (89 Fed., 491), had there held the patent *invalid*; that thereafter, the patentee having died, his executors applied for and obtained the reissue patent No. 11,730 [granted April 4, 1899]; and on July 14, 1899, some three months later, they commenced the suit against the Trorlicht Co., *supra*, on said reissue. It was upon that state of facts that the Court of Appeals for the Eighth Circuit set forth their reasoning on page 148 (of 115 Fed.), and quite properly held the plaintiff not barred from an accounting.

3. In *Empire Cream Separator vs. Sears-Roeback*, 157 Fed., 238, Judge HOUGH's opinion does not set forth the dates and facts, merely stating (p. 240), that :

“ No such persistent and long-continued acquiescence in infringement is shown in this case as would render it just to deprive the complainants of the usual reward of litigation.”

The Court of Appeals for the Second Circuit modified Judge HOUGH's decree with respect to certain devices found not to infringe (160 Fed., 668); but the *converse* of Judge HOUGH's statement sets forth the true principle, viz. :

“ Persistent and long-continued acquiescence in infringement, if shown [as in our Columbia case at bar], *would* render it just to deprive the complainants of the accounting, even should he receive injunction.”

4. In *Davis vs. Reid*, 187 Fed., 157, the lower Court had held the patent *invalid*, and dismissed the Bill; and *that* holding was affirmed by the Court of Appeals for the Third Circuit, in *Davis vs. Reid*, 195 Fed., 80,

83. Therefore, the question of laches might well have been left undecided. The exact dates and facts are not set forth in the report, the lower Court saying merely (p. 158 of 187 Fed.) that the plaintiffs gave "what seems to be a justifiable excuse for their delay". Whether either Court would have granted *accounting*, had the patent been found valid and infringed, does not appear.

5. In *Valvona-Marchiony vs. Marchiony*, 207 Fed., 380, 386, so far as the facts appear they are quite different from those in our Columbia case. That plaintiff had been pursuing "other infringers of its patent," "with considerable diligence"; and meanwhile the defendant was being repeatedly warned of his infringement; yet, after making a few slight changes in his device, in view of that pending litigation, he continued the infringement. Under those circumstances, the Court held that mere delay was not a bar. But the patent was held invalid and the decree *reversed*, at the same time as *Valvona vs. Perella*, 212 Fed., 168.

6. In *Drum vs. Turner*, 219 Fed., 188, the exact facts and dates do not appear, the Court merely noting (p. 198) that the patent-owner had brought no suit "for many years" and had used his invention only slightly; and, with respect to such delay, the Court cited (p. 198) *Menendez vs. Holt* and *McLean vs. Fleming* (*supra*) as authority for what those decisions emphatically do *not* hold, viz :

"It is no defense to a suit for an injunction and an accounting [?] on account of the continuing trespasses of an infringer, that the

latter has been trespassing on the rights of the owner of the patent for years with impunity."

But in *Menendez vs. Holt*, as in *McLean vs. Fleming*, the Supreme Court held that while such circumstances do not prevent *injunction*, yet they *do bar accounting*. And in our Columbia case, all the horn-manufacturers had been "infringing" for years *before* we commenced; and after we had commenced, *all* continued with impunity for many years more.

7. In *Benthall National Machine Co. vs. National*, 222 Fed., 918, 922, the infringement had commenced in July, 1909, and the litigation had been instituted in July, 1912,—within three years of the commencement of the infringement, and there was *no other material circumstance*; the Court observed (p. 922) that the litigation had been commenced within the statutory period of six years, and held that therefore the plaintiff was not barred from complete relief. On the same page 922, however, the Court formulated as correct the rule that:

"Undoubtedly one may so sleep upon his rights, and allow his adversary to proceed apparently in contravention thereof, as to disentitle him in equity and fair dealing to assert his conflicting claim, \* \* \*."

### Conclusions.

1. The Nielsen patent is invalid, because the subject-matter is lacking in patentable "utility"; and this Court has in its possession reliable means for ascertaining that fact, indisputably.



2. But, passing that by, the Nielsen patent is invalid, because its subject-matter is a mere "double use" of the prior Gersdorff devices; and this Court, by considering the full disclosure of *both* Gersdorff patents and of the Nielsen Patent, can readily ascertain that fact.

3. But, passing that by, and even if the subject-matter of Nielsen's Claims constitutes patentable subject-matter, nevertheless said Nielsen Claims are invalid, because *Lilly* (rather than Nielsen) is the first inventor thereof.

4. But, passing that by also, and even if the Nielsen Claim be valid, nevertheless, the equities are such—whether termed "estoppel" or mere "laches"—as to bar a decree against this defendant; or, if not a complete bar against *all* relief, plaintiff is certainly not entitled to an *accounting* for the "infringements" it permitted defendant to enter upon and continue while plaintiff was sleeping upon its rights.

5. For each and all these reasons, this Honorable Court is earnestly petitioned to reconsider its former Opinion; and either to *reverse* the Decree of the lower Court, or to grant a re-hearing (oral or otherwise, as may seem best); or, in its Mandate to direct the lower Court to limit the decree to the injunction, with *no accounting*.

September 29, 1916.

Respectfully submitted,

CHARLES E. TOWNSEND,

C. A. L. MASSIE,

Of Counsel for Petitioner,

Defendant-Appellee.

**Appendix A.**

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UNITED STATES CIRCUIT COURT OF  
APPEALS

FOR THE NINTH CIRCUIT.

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COLUMBIA GRAPHOPHONE COM-  
PANY, a Corporation,  
Appellant,

vs.

SEARCHLIGHT HORN COMPANY,  
a Corporation,  
Appellee.

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} No. 2759.

(OPINION, U. S. CIRCUIT COURT OF APPEALS.)

C. A. L. MASSIE and CHAS. E. TOWNSEND, for the  
Appellant.

JOHN H. MILLER, for the Appellee.

Before GILBERT, ROSS and HUNT, Circuit Judges.

The appellant appeals from an interlocutory decree in a suit upon Letters Patent No. 771,441, issued October 4, 1904, to Peter Nielsen for a Phonographic Horn. The Court below found that Nielsen was the original and first inventor of the invention described in the

Letters Patent; that the said Letters Patent are good and valid as to Claims 2 and 3 thereof, as to which infringement was alleged; that the invention covered by those claims is of value and utility; that within six years prior to the commencement of the suit, the appellant infringed said Claims by selling horns for phonographs containing and embodying the invention described therein. Thereupon the court enjoined the appellant from making, using or selling any horn containing the invention described in said claims, and referred the case to a master to take an accounting of the profits received by the appellant and to assess the damages sustained by the appellee by reason of the infringement. The said Claims are as follows:

“2. A horn for phonographs and similar machines, the body portion of which is composed of longitudinally-arranged strips of metal provided at their edges with longitudinal outwardly-directed flanges whereby said strips are connected and whereby the body portion of the horn is provided on the outside thereof with longitudinally-arranged ribs, said strips being tapered from one end of said horn to the other, substantially as shown and described.

“3. A horn for phonographs and similar instruments, said horn being larger at one end than at the other and tapered in the usual manner, said horn being composed of longitudinally-arranged strips secured together at their edges and the outer side thereof at the points where said strips are secured together being provided with longitudinal ribs, substantially as shown and described.”

GILBERT, Circuit Judge, after stating the case:

The appellant contends that Claims 2 and 3 were anticipated by the prior art, that they represent no patentable invention, and have no patentable utility or novelty, that the court below erred in finding that the appellant had infringed said Claims, and that the said court erred in not sustaining the appellant's plea of laches. The patent here involved has several times been before this court in controversies with parties other than the appellant here. *Sherman Clay & Co. v. Searchlight Horn Co.*, 214 Fed. 86 and 214 Fed. 99; *Pacific Phonograph Co. v. Searchlight Horn Co.*, 214 Fed. 257. The first of those cases was brought here upon a writ of error after a jury had found a verdict sustaining the validity of the patent and finding its infringement. It is said, however, that the present case presents new parties and new defenses sustained by new evidence. The new defenses are said to be the estoppel of the appellee by virtue of its attitude toward the Villy re-issue patent, and its declarations concerning the same, the double use of the Gersdorff patent, and the laches of the appellee. The new evidence is said to refute the theory of the Nielsen horn's advantage in overcoming the tintinnabulation and avoiding the vibratory features of other horns and the metallic sound produced thereby.

The Villy patent, No. 739,954, issued on September 29, 1903, was for a folding horn made in tapering sections, and in general shape it was similar to the horn in suit. On February 24, 1905, the appellee's predecessor in interest, the U. S. Horn Company, acquired the Nielsen patent, and soon thereafter acquired the Villy patent.

On October 26, 1905, the U. S. Horn Company applied for a re-issue of the Villy patent, and on January 30, 1906, re-issue Letters patent No. 12,442 were granted. On January 4, 1906, the appellee purchased from the U. S. Horn Company both the Nielsen and the Villy re-issue patents. It is urged that the fact that the U. S. Horn Company applied for and obtained the Villy re-issue patent, while owning the Nielsen patent, had the effect to transfer to the Villy patent all credit for the subject matter defined by the Claims of the Nielsen patent, and to estop the appellee, the assignee of the U. S. Horn Company from asserting the contrary. Estoppel is also claimed from the fact that the appellee, after acquiring the Nielsen patent, issued a circular in which it said: "All of the so-called flower horns made by our aforesaid competitors are flagrant infringements of said patents," (that is, of the Villy re-issue patent and the Nielsen patent), and the fact that the appellee affixed to the metal horns which it sold the patent dates of both those patents, and in a letter asserted that Villy folding horn to be "acoustically the most perfect horn," and in another letter asserted that "the Nielsen patent and the Villy re-issue patent are the earliest flower horn patents." We are unable to discover in any of these features of the evidence ground of estoppel against the appellee. The statement that all other flower horns were flagrant infringements of the two patents which the appellee owned may fairly be interpreted as meaning that some of the competing horns infringed one and some infringed another of the two patents. The statement that the Villy horn was

acoustically the most perfect horn may have been true, and yet that fact could have no bearing upon appellee's right to maintain the present suit; and the statement that the Nielsen patent and the Villy re-issue patent are the earliest flower horn patents contains no element of estoppel. The final answer to all these alleged matters of estoppel is that it is not shown that the appellant at any time relied upon any of the said statements or was misled thereby, or acted thereon to its disadvantage or otherwise.

Nor can the acts and declarations of the appellee or its predecessors in interest be construed as an abandonment or relinquishment to the public of any of the features of the Nielsen patent. It would have been no defense to the appellant if, indeed, the appellee had, as the appellant claims, asserted that Villy's was the first patent for a "flower" horn, that it was a patent for a metal horn, and that it, rather than Nielsen's, dominated the art. That attitude of the appellee to its patents, if proven, would not have affected its rights in the present suit in the absence of a showing that the appellant was misled or injured thereby.

We find no merit in the contention that the appellee's patent is anticipated by the patent to Gersdorff, of June 9, 1891, No. 453,798. That was a patent for an improved funnel, the Claims of which had to do only with certain attachments, a strainer and a ventilating device. For the purpose of constructing the funnel so that it could be easily cleaned, it was made preferably without a transverse joint at the juncture of the body thereof with the nozzle, but was made slightly tapering



at that point, and this result was attained by making the funnel of three longitudinal parts, the sections being united along their side edges by bending the same to form flanges and interlocking and soldering the flanges together, "thus forming longitudinal seams", but in the nozzle which was triangular in shape, the sections were united by soldering instead of interlocking, thus forming continuous smooth seams. In other words, the inventor adopted the best available means for attaching together the three pieces of metal which formed the funnel. Above the nozzle where a smooth surface was unimportant, they were fastened together in the simplest method known to the tinner's art, while in the nozzle in which it was desired to secure a smooth surface, the joints were soldered. There was nothing in all this to suggest the Nielsen phonograph horn, the central thought of the inventor of which was to produce by means of exterior ribs a resistance to vibration which it was believed, and as witnesses maintain, interfered with the transmission of sound from the phonograph.

Also without merit is the contention that the appellee should be denied an injunction because of its former attitude toward a certain horn called in the record the "parabolic" horn, which it was selling before it purchased the Nielsen patent. That was a knock-down horn, made in four sections, fastened together by screws so that it could be taken apart and its pieces packed away. When the parts were assembled the horn was fluted and flower shaped and bore some resemblance to the Nielsen horn, with the exception that the longitudinal strips were not tapered outwardly only, but were tapered both



inwardly and outwardly. The fact that the appellee placed this horn on the market claiming it to be different from any other horn may indeed, as the appellant contends, serve to show the very limited construction which the appellee placed upon the Nielsen patent before it bought it. But if the appellee entertained that opinion at that time, it is not thereby estopped to present to the court at this time its view of the extent and scope of the Nielsen patent.

The appellant in its answer alleged that the patent in suit is without utility, and that a horn constructed in conformity therewith presents no acoustical advantage whatever over the ordinary and well-known horns of the same dimensions. Much testimony was adduced to sustain that defense. There was also much testimony to the contrary, testimony tending to prove that the Nielsen horn would do away with the mechanical, vibratory, metallic sound usually produced in the operation of such machines. The decree of the court below comes to us supported by the finding of that court that the invention protected by Claims 2 and 3 is of "value and utility," which means that the court below found against the appellant on the particular defense so pleaded. While it may be true, as the appellant contends, that the marked success and general use of the Nielsen horn is owing to its graceful shape and artistic appearance, rather than to any acoustical advantage which it possesses, the evidence does not convincingly point to that conclusion, and therefore under the well settled rule, we are not justified in disturbing the finding of the court below.

In the answer it was alleged that the appellant had

purchased from others all the horns it had dealt in, that prior to 1906 and continuously ever since, Hawthorne & Sheble and other metal manufacturers had openly and notoriously made and sold such horns, and that the appellant, together with the Victor Company and the Edison Company had openly and notoriously used and sold the same, and that the appellee and its predecessor in interest, who had full knowledge of said acts, made no protest except that in 1906, the appellee's predecessor notified Hawthorne & Sheble and the Victor Company that they had infringed, to which they replied that the patent was invalid and that they would continue their manufacture. The answer alleged that in view of those facts the appellant had been led to believe and was justified in believing that its vendors had the right to manufacture said horns and sell the same, and that relying on the conduct of the appellee and its predecessor in interest and their acquiescence in the said acts of others, the appellant was induced to expend large sums of money in acquiring for the benefit of its customers the horns understood now to be complained of. Wherefore, the appellant alleged that the maintenance of the present suit is contrary to equity and good conscience. In brief, the answer alleged that because the appellee knew of the alleged infringement, and when the appellant and others refused to desist from infringement, it failed to bring a suit to enjoin further infringement, and because the appellant continued to buy and sell infringing horns, the present suit is barred by the appellee's laches. Other than the fact that the appellant continued to buy and

sell the horns and continued to deny the validity of the appellee's patent, there is no evidence in the case that the appellant relied upon the conduct of the appellee and its predecessor in interest or was thereby induced to expend money, to its injury, or to change its position for the worse. It does not follow from the allegation that the appellant expended large sums of money in buying horns which it sold to its customers, that the horns were not sold to customers at such a price as to yield a profit to the appellant even after it shall have paid royalties thereon to the appellee. There is nothing in the defense so pleaded which requires consideration except the question whether the delay in bringing the suit amounts to laches which should bar the appellee. It was stipulated between the parties hereto that within six years prior to the commencement of this suit the appellant sold the horns which were alleged to infringe the appellee's patent, and it was in evidence that as early as 1906 the appellee's predecessor in interest notified the appellant and the manufacturers named in the answer of their claim that their rights in the Nielsen horn were being infringed, and that all of those companies so notified denied the infringement and denied the validity of the Nielsen patent, and said that the owners of the patent "would have to go to the courts before any particular one would stop making the horn." There was evidence, and it was not controverted, that the appellee's predecessors were without the necessary funds to commence litigation, that the expense of litigation would have been very great, and that it was not until April, 1910, that they placed the

matter in the hands of an attorney who brought the first suit early in 1911. In short, large and powerful manufacturers were infringing the device, and the owner of the patent was without funds to carry on an expensive litigation. But the owner's delay was accompanied by no act to induce appellant to believe that its infringement was acquiesced in, and by no act amounting to estoppel. The bare fact that the appellant and others, with full knowledge of the appellee's claim, trespassed with impunity on the rights of the appellee for years, is no defense to a suit for an injunction and an accounting for the trespasses. *Taylor v. Sawyer Spindle Co.*, 75 Fed., 301; *Ide v. Trorlicht, Duncker & Renard Carpet Co.*, 115 Fed., 137; *Empire Cream Separator Co. v. Sears Roebuck & Co.*, 157 Fed., 238; *Valvona-Marchiony Co. v. Marchiony*, 207 Fed. [380], 386; *Davis v. A. H. Reid Creamery & Dairy Supply Co.*, 187 Fed., 157; *Benthal Mach. Co. v. National Mach. Corporation*, 222 Fed., 918; *Drum v. Turner*, 219 Fed., 186 [188].

We find no error. The decree is affirmed.

(ENDORSED) Opinion. Filed Sep. 5, 1916, Frank D. Monckton, Clerk, by Paul P. O'Brien, Deputy Clerk.

**Appendix B.**

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IN THE DISTRICT COURT OF THE UNITED  
STATES

IN AND FOR THE NORTHERN DISTRICT OF CALIFORNIA,  
SECOND DIVISION.

HON. WM. C. VAN FLEET, Judge.

SEARCHLIGHT HORN COMPANY,	}
Plaintiff,	

v.

PACIFIC PHONOGRAPH COMPANY,	}
Defendant.	

MONDAY, November 29th, 1915.

ORAL OPINION OF THE COURT.

THE COURT: (Orally) In this case the only consideration that has materially affected my mind at all is the one growing out of the evidence produced with reference to alleged prior use in Pittsburg. I paid very close attention to that evidence, having in view the degree of proof that is required under the law to establish the fact

of prior use, and I am perfectly satisfied that it falls wholly short of measuring up to the standard which would enable this court to deprive the complainant of the benefit of its established patent through the instrumentality of that showing. It is not at all necessary in my view to convict these various witnesses as counsel has intimated, of perjury. There is but a single exception that I would be disposed to make where perhaps the evidence of the witness is open to a criticism somewhat more severe than I would feel justified in applying to the other witnesses. All of us know the limitations and frailties of the human mind and its disposition to receive suggestion as to events which it accepts and acts upon as something that has been actually seen or heard, when in truth such is not the fact, and in my judgment all of this evidence that has been produced from Pittsburg as to this claimed prior use is referable to that infirmity in the human mind. I think it is all readily accounted for upon the ground of mistake as to the period of time when these witnesses think they saw the class of horns in question. Now that in my mind, and I regret to be called upon to say it, does not apply to the witness Adolph Hammer. The evidence of Adolph Hammer, I do not think, can be accounted for upon that theory. The witness goes too minutely into details,—details which do not appeal to me as being sustained by the reasonable probabilities at all,—to enable me to believe that he was free from manipulation and sophistication, so far as his evidence is concerned; but he is the only witness whose evidence I would be disposed to characterize in that way or to in any wise severely criti-

cise. There are other witnesses in the record who have shown manifest eagerness in behalf of the party calling them that I think is not entirely commendable, but still it is not at all unusual. But, in my judgment, without stopping to particularize any of its details, the evidence of these various witnesses I think is referable to those considerations which do not necessarily grow out of deliberate perjury at all. I do not regard it as necessary to the conclusion which the court has reached to so regard it. I think it is entirely referable to that readiness of the mind in man in considering past events to adopt suggestions as to time, place and circumstances and dwell upon it to an extent which will enable and induce any of us in many instances to believe that the fact is as we testify it to be. That is not perjury; that simply grows out of the frailties of the human mind and memory. It is wholly impossible for me to bring my mind to the conclusion, with the evidence produced from these witnesses as to the number of these horns that are claimed to have been manufactured—I do not care, as I said a few moments ago, whether it was 50 or 100 or 150—but it is utterly inconceivable in view of the avidity and unanimity with which this so-called flower horn was subsequently seized upon by the trade when it was produced under the Nielsen patent, to believe that had it had a previous history of the magnitude which it is undertaken to show, that it would not have filled the same want that was being felt by the trade as it did subsequently; and yet the evidence would tend to show that it was fully ten years prior to the production under the Nielsen patent



that this considerable number of horns of identically the same construction were produced and sold and traded in in Pittsburg. It is quite beyond my belief that that was probable. They may have had something of a novel character, but the witnesses in my judgment have simply confused with the time when they first saw the flower horn, the subsequent date when they came generally in use and were put upon the market by all the different manufacturers and dealers. I have not the least hesitation in coming to that conclusion; and therefore I am quite satisfied that the showing here to establish prior use is entirely insufficient to justify the court in saying that the proof has been made to a reasonable certainty.

That being so, there is but one conclusion for me to reach, and I think as I said before that it will be better for the parties to expend their further energies in convincing the court of review that this court is wrong than to undertake to change my mind. That is not saying that I am not ready to devote all the time that I believe is reasonably called for upon a given subject. But this patent and these various questions, outside of this new feature presented by the evidence produced of prior use, has now been before this court four or five times, and I have had repeated occasion on applications for injunction and on the trial of the cases against Sherman & Clay, and on all these different occasions, to have presented to my mind considerations which cover nearly the entire field of questions which have been brought forward here; and very reasonably I feel that it would be useless for counsel now to try and change my mind upon those questions. That is why I say that I do not feel that my

mind could be shaken upon the question as to the correctness of the conclusion heretofore reached upon the question of novelty and patentability of this patent. I think that a decree should go in favor of the plaintiff.

In the other case, Searchlight Horn Company vs. Columbia Graphophone Company, which has abided the result in this case, a like decree will go. The parties may draft the appropriate form of decree and present it for signature.

